

**BX B**

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: )  
ALTA MESA RESOURCES, INC. ) Civil Action No.  
SECURITIES LITIGATION ) 4:19-cv-00957  
)  
)

The videotaped videoconference deposition  
of ADAM BADAWI, called for examination pursuant to  
the Rules of Civil Procedure for the United States  
District Courts pertaining to the taking of  
depositions, taken at on the 16th day of  
November, 2023, at the hour of 11:02 a.m.

Reported by: Gina M. Luordo, CSR, RPR, CRR  
License No.: 084-004143

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1 (Whereupon, Deposition Exhibit  
2 No. 120 was marked for  
3 identification.)

4 THE WITNESS: It looks like the Chapelle  
5 transcript is there.

6 BY MR. WORD:

7 Q. It's there? Okay. Great.

8 A. It being there and me pulling it up are  
9 two separate things.

10 Q. Right. Fair point. Let me know when you  
11 have it.

12 A. It says generating preview. The proxy  
13 number came up. I think it was too large. I think  
14 I have it.

15 Q. Can you look at Page 51, please?

16 A. I have 51.

17 Q. Read the section beginning with Line 4  
18 through Line 22. This passage is discussing the  
19 same document you rely upon for your conclusion  
20 that Mr. Hackett had strong views about the  
21 projection being 350.

22 A. I've read that section.

23 Q. And fair to say Mr. Chapelle disagrees,  
24 right, that Mr. Hackett directed him to use the  
25 \$350 million projection for EBITDAX?

1           A.    I don't see it being definitive one way or  
2           another. It says I don't recall the substance of  
3           the conversation, and I don't see a specific  
4           denial.

5           Q.    You don't see him say that it would not be  
6           consistent for Jim to somehow, as you seem to be  
7           suggesting, tell me what the number should be? You  
8           don't see those words?

9           A.    I see that it says that it would not be  
10          consistent for Jim to somehow tell me what the  
11          numbers should be. I don't see a specific denial  
12          Jim didn't tell me, did or did not, a definitive  
13          statement one way or another.

14          Q.    But you're definitive, though, right?  
15          You've decided, even though you weren't a  
16          participant to the conversation, that Mr. Chapelle  
17          is not definitive that Mr. Hackett must have told  
18          him it was \$350 million?

19          A.    I think it's consistent with the evidence  
20          that I've cited.

21          Q.    But not consistent with the testimony  
22          here, right?

23          MR. KELLEY: Objection to form.

24          THE WITNESS: My job is to be an expert witness  
25          to testify on the things that I know about. The

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1           A.     I believe so.

2           Q.     13.8 wells per section in the TPH base  
3 case, right?

4           A.     Yes.

5           Q.     And then below, you see where it says AM  
6 modeled?

7           A.     Yes.

8           Q.     You add up those same numbers in the same  
9 columns 7.9 and 3.9, that's about 12, right, rounds  
10 up to 12?

11          A.     Roughly, yeah.

12          Q.     So do you consider this to be TPH's  
13 opinion on the reasonableness of a  
14 12-well-per-section model?

15          MR. KELLEY:   Objection to form.

16          THE WITNESS:   I don't have enough information  
17 to make that conclusion.

18          BY MR. WORD:

19          Q.     But you have enough information to  
20 conclude that TPH did not provide an opinion about  
21 the wells per section that Alta Mesa had rejected?

22          A.     I don't see anything purporting to claim  
23 that this is an opinion about the reasonableness of  
24 the assumptions.

25          Q.     Just a comparison of what TPH's base case

1 is versus AMH's case, right?

2 MR. KELLEY: Objection. Form.

3 THE WITNESS: It is a comparison, but there's  
4 no discussion of reasonableness in that. So I did  
5 not see an opinion on the reasonableness of the  
6 12-WPS spacing. I don't recall seeing something  
7 that purports to be an opinion on the  
8 reasonableness, and this doesn't change my opinion.  
9 BY MR. WORD:

10 Q. And that's not what you say in your  
11 report, though, right? You don't say I've not seen  
12 this. You say it doesn't exist.

13 A. So I haven't -- I have not seen something,  
14 and so given that I didn't see something that said  
15 that, I assumed that it didn't exist.

16 Q. Have you been to Antarctica?

17 A. I have not.

18 Q. So you've not seen Antarctica in person,  
19 so does it exist or not?

20 A. I have evidence to believe that it exists.

21 Q. Can you look at Page 91 of Professor  
22 Whitehead's report. You'll see opinion No. 7.

23 A. I do see opinion No. 7.

24 Q. And do you disagree with that opinion?

25 A. I don't agree with that opinion.



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1 Q. Which managers?

2 A. The AMR managers.

3 Q. The people that weren't involved in  
4 preparing those projections?

5 MR. KELLEY: Objection to form.

6 THE WITNESS: They're managers in the combined  
7 entity. That red flag is -- once that red flag  
8 goes up, they shouldn't -- in my view -- so first  
9 of all, my view is this is a red flag. Once we  
10 have a red flag, Professor Whitehead's opinion with  
11 respect to custom and practice goes out the window  
12 because he said absent red flags. So I believe  
13 there was a red flag.

14 I don't know what he thinks should have  
15 happened, but once I believe that there's a red  
16 flag, I don't think this -- that's why I disagree  
17 with this opinion. That is sufficient enough.

18 BY MR. WORD:

19 Q. Right, but it's -- it might be sufficient  
20 for you to reach that opinion, but it's also  
21 incomplete, right? When a red flag emerges, you  
22 have to respond to that red flag, right?

23 A. Professor Whitehead did not tell us what  
24 he thinks should be done when a red flag arises.

25 Q. I'm talking about your opinion.

1           A.     I was asked to opine with respect to  
2     Professor Whitehead's opinions. You asked me if I  
3     agree with Opinion 8. I disagree with Opinion 8  
4     because I believe a red flag was present, which  
5     obviates this opinion.

6           Q.     That's the sole basis of your opinion. So  
7     if that red flag is either not a red flag or was  
8     thoroughly investigated so that the board of  
9     directors got comfortable that they could rely upon  
10    management, then your opinion or you would agree  
11    with Dr. Whitehead then, right, or Professor  
12    Whitehead?

13          A.     He couched his opinion by saying in the  
14    absence of red flags. So I am -- I don't know --  
15    the second part of your question which discusses  
16    what -- how you could get rid of a red flag,  
17    Professor Whitehead hasn't provided any sort of  
18    opinion about the custom and practice related to  
19    kind of red flags that turn out -- that are  
20    adequately investigated, so I have no opinion on  
21    that.

22                 I do believe there was a red flag here,  
23    and if -- if there was -- there is no red flag,  
24    then -- sorry. I'm getting a little bit lost. So  
25    I believe there was a red flag. If there was no

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